



28 August 2017



ASX Code: EXG

## Debt fully repaid Resource definition and exploration drilling underway

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### Key Points

- EXG now debt free.
- Current cash position of \$2.9M with further revenue expected from ore stockpiles, GIC and gold in transit.
- Net cash position currently forecast at \$5.5M in mid-October, once all stockpiles are treated and gold recovered.
- Mining completed, Saturday 26 August, at Zoroastrian Central to design including “goodbye cut”.
- Fully funded 33,000m resource definition and exploration drilling program underway.
- First deep diamond hole completed at Thompsons prospect.
- 1,500m RC program at the Pleasurebound prospect planned for September.
- Initial observations from Nerrin Nerrin drilling provide encouragement for expanding the resource with assay results pending.
- Modelling of the Greater Zoroastrian area progressing with the objective of being drill ready by October.
- EXG’s multi-stage operational strategy is now in place and being implemented with the objective of rebuilding the Kalgoorlie North Gold Project mine plan and targeting sufficient reserves to justify the future construction of a stand-alone processing facility. This strategy includes converting existing resources to reserves as well as new exploration initiatives to test for “game changer” discoveries.
- EXG to manage cash reserves by selected mining and toll treatment programs as and when required.

Excelsior Gold Limited (**ASX: EXG**) (“Company” or “Excelsior”) is pleased to announce that exploration and resource definition drilling has commenced at its 100%-owned Kalgoorlie North Gold Project (“KNGP”), located 30 to 55 kilometres north of Kalgoorlie in Western Australia.

Cash generated from mining of the Zoroastrian Central open pit has allowed the Company to repay all debt and clear all liabilities and fully fund the planned 33,000m drill program.

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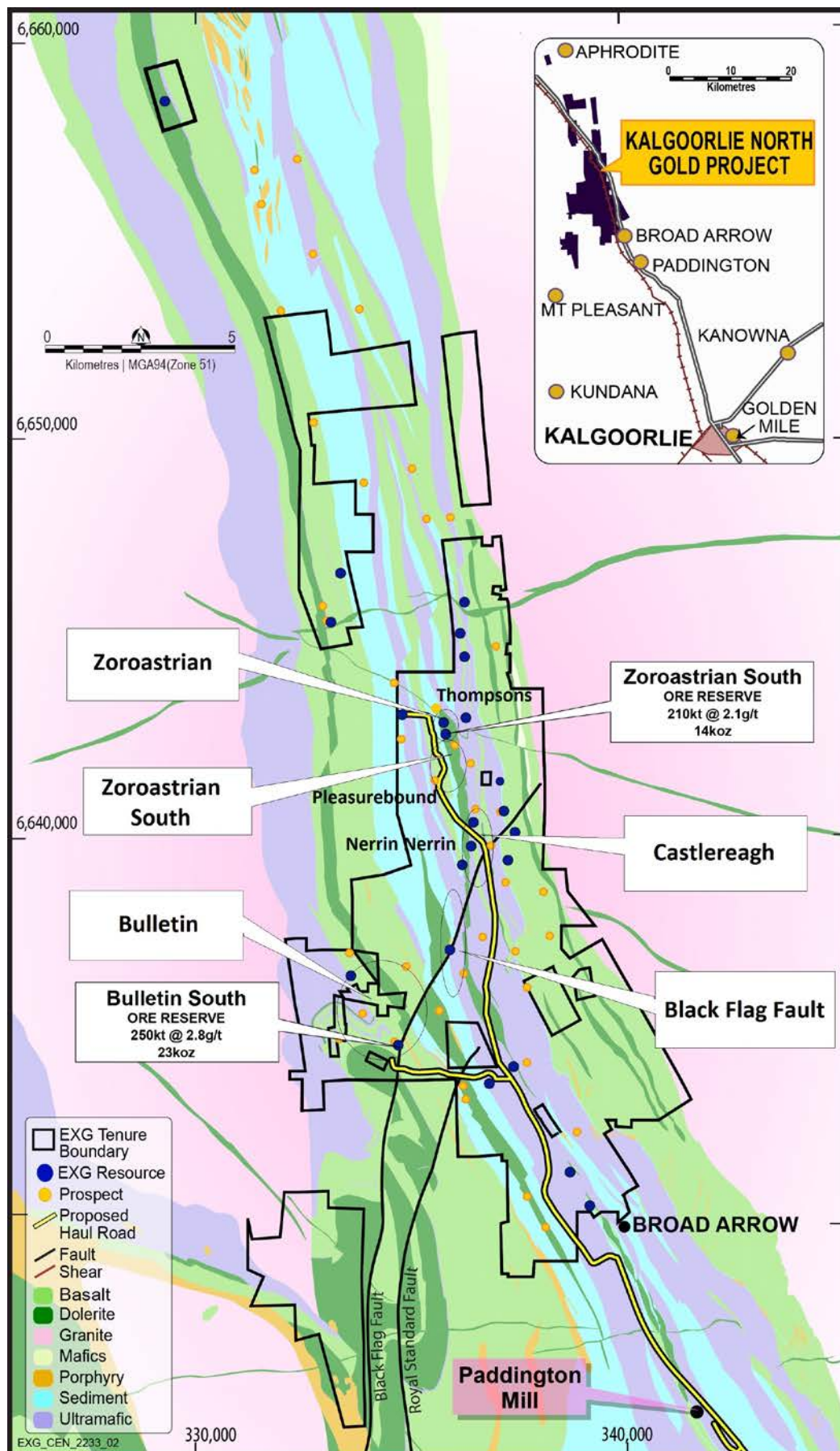
The planned drill program has two objectives:

- resource definition drilling for the conversion of resources to reserves; and
- regional exploration over high priority, untested targets generated through ongoing interpretation of various geological and geophysical datasets.

The following table provides a breakdown of the planned drill program, which will be subject to ongoing review and change where required as assay results are received.

Drilling purpose	Area	Prospect	Air core (m)	Reverse circulation (m)	Diamond core (m)
Resource extension	Zoroastrian	Zoroastrian Underground		3,400	
	Zoroastrian	Zoroastrian Underground			2,300
	Bulletin	Bulletin South		700	
	Bulletin	Bulletin South			200
	Bulletin	Better News		1,000	
Resource development	Zoroastrian	Zoroastrian Blueys			1,000
	Zoroastrian	Zoroastrian Cutback Pit		4,000	
	Castlereagh	Nerrin Nerrin (Zoroastrian dolerite)		1,704	
	Bulletin	Lady Kelly		2,600	
	Bulletin	Botswana Locker		2,100	
Exploration	Zoroastrian	Bank of England		600	
	Zoroastrian	Thompsons			900
	Zoroastrian South	Pleasurebound		1,500	
	Zoroastrian South	Longsleeve		1,500	
	Castlereagh	Castlereagh		1,500	
	Castlereagh	Parkerville		750	
	Bulletin	Northwest shear		750	
	Bulletin	Chalcedony		750	
	Black Flag Fault	Black Flag Fault	6,000		
<b>TOTALS</b>			<b>6,000</b>	<b>22,854</b>	<b>4,400</b>

**Table 1** – Proposed drill meters, type of drilling and location



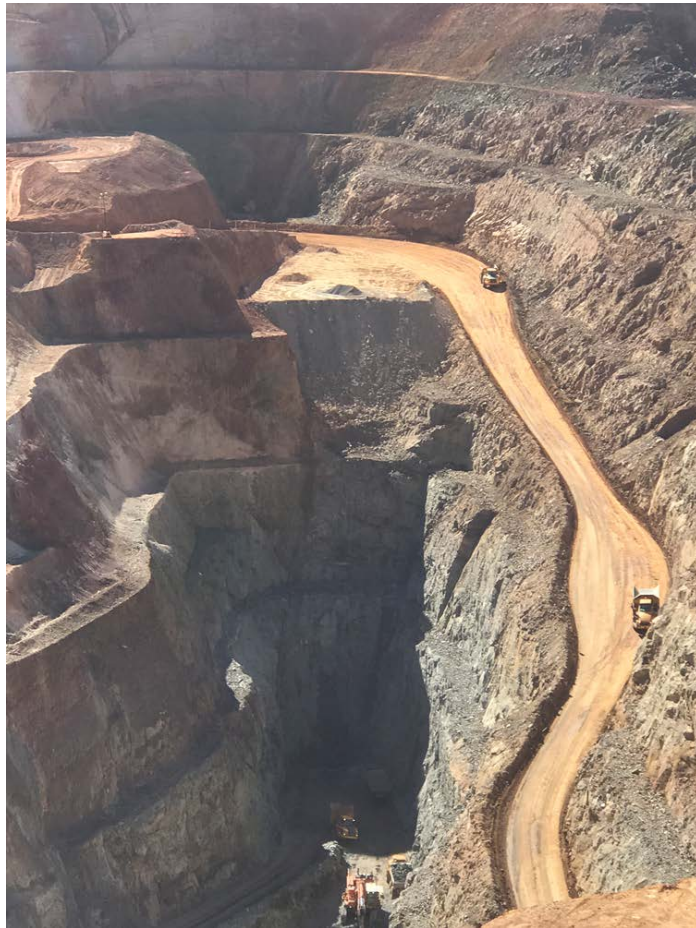
**Figure 1** – Proposed drilling locations.

EXG's Mineral Resource base currently stands at 17.1Mt at 1.6g/t Au for 887,000 ounces of contained gold (*refer ASX announcement Quarterly Activities Report - December 2016*). The principal objective of the drill program is to convert as much of the resources to reserves as economically practical and rebuild the mine plan based on a stand-alone processing facility, in preference to the past profit sharing arrangements with toll treatment operators which resulted in significant amounts of gold remaining in the ground due to the high treatment costs and long haulage distances.

The second element of the drill strategy will be targeting new, potentially "game changer" gold deposits outside of the known resource areas. Re-processing of geophysical datasets and structural mapping by geological consultants from the CSIRO-Mineral Systems Group has provided greater clarity of both the relationship between and timing of structures observed in the open pits and the control these structures have on the geometry and orientation of the gold mineralisation. These structural relationships have also been identified in the regional geological and geophysical datasets and increase confidence in the Company's ability to successfully generate targets and identify economic gold mineralisation elsewhere in the EXG's tenure, which covers over 22 kilometres of strike of the highly prospective Bardoc Tectonic Zone greenstone belt.

Mining will temporarily cease upon completion of the current Zoroastrian Central open pit. The Zoroastrian South open pit was the next pit scheduled to be mined, however ongoing discussions regarding the temporary relocation of the Cawse gas pipeline (which has not been in use since 2008) has resulted in the temporary suspension of mining.

EXG currently has approved mining proposals in place for Bulletin South, Navan and a small pit south of the gas pipeline, along with mining proposals in progress for a small pit north of the gas pipeline and for Zoroastrian South. EXG's current production strategy is to either hold these planned developments on standby for future treatment via a dedicated processing facility or to selectively mine and toll treat one or more of these deposits should the Company's cash reserves require replenishing.



**Figure 2-** Thursday August 17, 2017 showing work on the 320mRL (designed pit floor 315mRL and surface 440mRL) of the Zoroastrian Central pit looking north.

## Drill Program Details

### ***Thompsons***

The first diamond drill hole has been completed to a depth of 465m at Thompsons Prospect, located approximately 300m north-northwest of the Zoroastrian Central pit (Figure 1), with logging and assaying currently in progress. Gold mineralisation within the Zoroastrian Central pit is hosted by the Zoroastrian Dolerite. Previous geological interpretations indicate that the Zoroastrian Dolerite terminates against a northwest trending fault to the north of the pit, however a recent geological and geophysical review infers a flexure of the stratigraphy across this fault position. Previous drilling in this area is shallow and sparse with no evidence for the presence of the dolerite host unit. Current interpretations suggest that the dolerite continues to the north at deeper levels either as a result of a fault offset or the dolerite unit plunging moderately to the north-northwest.

The Nerrin Nerrin Prospect is located approximately 3km south of Zoroastrian Central pit (Figure 1) and is interpreted to host a similar style of gold mineralisation within the Zoroastrian Dolerite. An initial program of 1,704m of reverse circulation (RC) drilling has been completed at Nerrin Nerrin with samples currently being dispatched to the assay laboratory. Drill chips will also be subjected to pXRF analysis to assist in the understanding of the relationship of the gold mineralisation to fractionated portions of the host Zoroastrian Dolerite.



### **Zoroastrian**

A detailed grade control model has also been compiled for Zoroastrian Central based on the 5m x 7.5m spaced drilling and reconciliation data from batch treatment through the Lakewood process plant. This coupled with structural mapping and relogging of old drill holes will enable a more accurate and contiguous geological model to be generated for the greater Zoroastrian area including Zoroastrian South and Zoroastrian Extended down to a 300m depth. Grade control drilling and modelling indicates a strong continuity of north-plunging, high grade shoots that will provide additional targets for underground mining.

### **Pleasurebound**

RC drilling has been planned to test new targets within the Pleasurebound Dolerite, located 250m west of the Zoroastrian Lode system (Figure 1). The two initial target areas have similar interpreted structural complexities to those controlling the gold mineralisation within the Zoroastrian Central pit. Drilling will comprise approximately 750m at each target and is planned to commence towards the end of the September quarter. Field reconnaissance is ongoing to confirm the current geological interpretations and generate new drill targets, including the collection of drill chips for multi-element analysis.

### **Bulletin**

The Bulletin area is located 7km southwest of Zoroastrian (Figure 1) and contains the Bulletin South Ore Reserve (250,000t at 2.8g/t Au for 23,000oz contained gold). The Bulletin area is underexplored and is thought to have the potential to be a future mining centre for the Company. Drilling to be completed in this area will involve the upgrading of resource estimate confidence, testing for strike and depth extensions to the known mineralisation and the first-pass evaluation of new untested targets.

One of the priority targets for resource development drilling is Lady Kelly just north of the Bulletin South pit. Previous drilling at Lady Kelly by EXG returned significant results of 7m at 17.9g/t Au from 35m and 3m at 5.1g/t Au from 15m (*refer ASX announcement dated 22<sup>nd</sup> October 2015*).

### **Black Flag Fault**

Aircore drilling is proposed along the Black Flag Fault. The Black Flag Fault is associated with significant gold mineralisation to the south where it links the >5Moz Au Kundana trend with the >3Moz Au Mt Pleasant mineralisation before extending into EXG's tenements at Bulletin South and terminating against the Bardoc Tectonic Zone, which is the interpreted northern extension of the prolific Boulder-Lefroy Fault system.

### **Castlereagh**

The drilling in the Castlereagh area is targeting newly generated conceptual targets at the intersection of the Black Flag Fault and Bardoc Tectonic Zone hosting the Zoroastrian and Pleasurebound Dolerites.

For further information visit [www.excelsiorgold.com.au](http://www.excelsiorgold.com.au) or contact **Excelsior Gold Limited**

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## Project Background

The Kalgoorlie North Gold Project is located 30 to 55 kilometres north of Kalgoorlie in Western Australia and covers 96 square kilometres of tenements over 22 kilometres of strike of the Bardoc Tectonic Zone greenstone belt.

Excelsior Gold commenced mining operations in November 2015 centred on the development of a series of open pit mines and potential underground operations below the Zoroastrian open pits.

KALGOORLIE NORTH GOLD RESOURCES	PROVEN			PROBABLE			TOTAL RESERVES			Original ASX report date
<i>Deposit</i>	Tonnes (,000t)	Grade (g/t Au)	Ounces (,000oz)	Tonnes (,000t)	Grade (g/t Au)	Ounces (,000oz)	Tonnes (,000t)	Grade (g/t Au)	Ounces (,000oz)	
Zoroastrian South (OP)				210	2.1	13	210	2.1	14	23-Mar-17
Bulletin South (OP)				250	2.8	23	250	2.8	23	23-Mar-17
<b>TOTAL RESERVES</b>				<b>460</b>	<b>2.5</b>	<b>37</b>	<b>460</b>	<b>2.5</b>	<b>37</b>	

\* Differences may occur due to rounding.

OP = Open Pit

**Table2** – Ore Reserve Table

KALGOORLIE NORTH GOLD RESOURCES		MEASURED			INDICATED			INFERRED			TOTAL RESOURCES			Original ASX report date	
Deposit	Cut-Off (g/t Au)	Tonnes (,000t)	Grade (g/t Au)	Ounces (,000oz)	Tonnes (,000t)	Grade (g/t Au)	Ounces (,000oz)	Tonnes (,000t)	Grade (g/t Au)	Ounces (,000oz)	Tonnes (,000t)	Grade (g/t Au)	Ounces (,000oz)		
Excelsior	0.6	5,175	1.40	232.2	3,230	1.20	124.9	2,652	1.16	99.0	11,057	1.28	456.1		12-Apr-12
Zoroastrian (O/P)	0.6				820	1.80	47.4	980	1.45	45.7	1,800	1.61	93.1		14-Oct-16
Zoroastrian (U/G)	3.0				737	4.83	114.5	218	4.70	33.0	955	4.80	147.5		6-Jul-15
Zoroastrian (Total)					1,519	3.27	159.5	1,198	2.04	78.7	2,717	2.73	238.2		
Lochinvar	0.6				448	1.74	25.1	60	1.70	3.3	508	1.74	28.4	19-Feb-14	
Nerrin Nerrin	0.6				74	2.40	5.7	107	2.37	8.1	181	2.38	13.8	15-Nov-13	
Ophir	0.6							75	1.94	4.7	75	1.94	4.7	11-Dec-13	
Vettersburg South	0.6							552	1.46	25.9	552	1.46	25.9	11-Dec-13	
Total Satellite Resources					522	1.84	30.8	793	1.65	42.0	1,315	1.72	72.8		
Other Resources (greater than 4km from Excelsior)															
Eldorado	0.6				362	1.61	18.8	31	1.43	1.4	393	1.60	20.2	11-Sep-13	
Talbot North *	0.6							662	1.67	35.6	662	1.67	35.6	31-Mar-10	
Bulletin South	0.6	38	1.91	2.3	482	2.26	35.0	125	2.40	9.6	645	2.27	47.0	23-Jan-17	
Windanya	0.6							360	1.49	17.3	360	1.49	17.3	11-Dec-13	
Total Other Resources					844	1.98	53.8	1,178	1.69	63.9	2,061	1.81	120.1		
TOTAL RESOURCES		5,175	1.40	232.2	6,115	1.88	368.9	5,822	1.52	283.7	17,149	1.61	887.1		

\* This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

\*\* Differences may occur due to rounding.

\*\*\* The Bulletin South and Zoroastrian Open Pit resources are reported within a A\$2,750 per ounce gold price pit shell. Other resources are reported above applicable depths below surface.

**Table3** – Mineral Resource Table

## **Qualifying Statement**

*This report may include forward-looking statements. These forward-looking statements are based on a number of assumptions made by the Company and its consultants in light of experience, current conditions and expectations concerning future events which the Company believes are appropriate in the present circumstances. Forward-looking statements are necessarily subject to risks, uncertainties and other factors, many of which are outside the control of Excelsior Gold, which could cause actual results to differ materially from such statements. The Company makes no undertaking to subsequently update or revise the forward-looking statements made in this release to reflect the circumstances or events after the date of this release.*

## **Competent Person Statement – Exploration Results:**

*Information in this announcement that relates to exploration results is based on information compiled by Mr. Bradley Toms who is the Exploration Manager of Excelsior Gold Limited. Mr. Toms is a Member of The Australian Institute of Geoscientists and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking, to qualify as Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Toms consents to the inclusion in the document of the information in the form and context in which it appears.*

## **Competent Person Statements – Mineral Resources:**

*Information in this announcement that relates to the Zoroastrian Mineral Resource results is based on information compiled by Mr. Patrick Adams who is a Director of Cube Consulting Pty Ltd. Mr. Adams is a Fellow of the AusIMM (CP) and a Member of The Australian Institute of Geoscientists and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking, to qualify as Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Adams consents to the inclusion in the document of the information in the form and context in which it appears.*

*Information in this announcement that relates to the Bulletin South Mineral Resource results is based on information compiled by Mr. Patrick Adams who is a Director of Cube Consulting Pty Ltd. Mr. Adams is a Fellow of the AusIMM (CP) and a Member of The Australian Institute of Geoscientists and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking, to qualify as Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Adams consents to the inclusion in the document of the information in the form and context in which it appears.*

*Information in this announcement that relates to other Mineral Resource results is based on information compiled by Mr Bradley Toms who is a full-time employee of Excelsior Gold Limited. Mr Toms is a Member of the Australian Institute of Geoscientists and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" for the Group reporting. Mr Toms consents to the inclusion in this announcement of the matters based on this information in the form and context in which it appears.*

## **Competent Person Statement – Ore Reserves Zoroastrian Central Open Pit**

*The information in this Release which relates to the Ore Reserve estimates accurately reflect information prepared by Competent Persons (as defined by the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves). The information in this public statement that relates to the Zoroastrian Central Open Pit Ore Reserve at the Excelsior Gold Kalgoorlie North Gold Project is based on information resulting from Feasibility works carried out by Excelsior Gold Limited. Mr. Randell Ford, who is employed by Excelsior Gold Limited and works at the Zoroastrian Central open pit as the Registered Mine Manager, completed the Ore Reserve estimate for the Zoroastrian Central Open Pit and the Bulletin South Open Pit. Mr Ford is a Member of the Australasian Institute of Mining and Metallurgy and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify him as a Competent Person as defined in accordance with the 2012 Edition of the Australasian Joint Ore Reserves Committee (JORC). Mr Ford consents to the inclusion in the document of the information in the form and context in which it appears.*